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29 July 1958

MEMORANDUM FOR: Chief, EE/Germany

SUBJECT: LCCASSOCK - Summary of Arguments

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE: MEMPHIS EXEMPTION 3828
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

a. Commercialization-legalization-etc:

LCCASSOCK is at the present time an entirely legal publishing company incorporated under all the proper Fed Ref laws and regulations. Its books are open for inspection and reveal that the company is totally subsidized (per year) by a group of anonymous donors. LCCASSOCK has no commercial sales and no income. Let us define commercialization then as those procedures which will put the company into the business of competitive commercial sales and may or may not make LCCASSOCK in part or in whole a profit making company.

There is no evidence at the present time that any one or combination of the company publications will be successful. The launching of any new publication in a competitive market is a long shot. Most people would not try it without a great deal of prior consumer research, prospective audience polls, a highly developed advertising campaign, and a sizeable bankroll guaranteed to see the operation through its first year. If launching a new publication were any easier or more certain, the publishing business would be infinitely more attractive than it is now. ~~XXXXX~~ Assuming we have in LCCASSOCK all the required writing and editorial skills and in addition the necessary business talents, it is still problematical whether any new publication will in fact be a financial success.

The immediately proceeding paragraph is written from the viewpoint of launching one or more successful publications. There are all shades of commercialization, however, and it behooves us perhaps to determine the level we are talking about. At the other extreme we can simply put a price tag on all the present publications and sell them instead of giving them away. This of necessity brings back some income and therefore reduces ~~the~~ the net amount of our subsidy.

There is varying middle ground where, short of an all out effort to make a publication or publications financially successful, the company does go into a reasonable advertising budget, subscription mailing, sales ~~XXXXXXXXXX~~ campaigns etc. directed at increasing the commercial sales and reducing the CIA subsidy.

Now this brings up another interesting problem. It is manifestly unfair and impractical to specify to LCCASSOCK that it is to be a successful publishing company at the same time define with what publications it shall be successful. This brings up the basic conflict between PP interests and those of making money. If we want LCCASSOCK to be financially successful we will have to settle for that publication or those publications (and they may be

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ones we haven't even thought of yet) for which there is a market, and which can be put across. They may bear no relation to publications which are ~~any~~ any sort of adequate PP vehicle. This is not of necessity so, but is more than likely to be the case.

b. PP value of present publications:

There has been a great deal of argument about the PP value of the ~~XXXXXXXXXX~~ LCCASSOCK publications per se. The field seems to have shifted to the grounds that the publications are not exceptionally serious or effective PP vehicles at the present time. This is of course in line with the present thinking about not only the value of this type of mass output but also about this particular output of LCCASSOCK publications. If we assume this argument not to have been resolved we are going to have to go off into a long and likely unproductive line of argument. We therefore assume of the purpose of this paper that the present publications are not of PP value to the point where we want to subsidize them for that purpose alone.

c. Cover for LCCASSOCK:

The present publications are produced in the name of the LCCASSOCK company and are distributed partly through overt company distribution channels and partly (the DDR distribution) through channels which are in no way relatable to the company. Obviously to the DDR audience no one distributes such items free of charge in the DDR ~~XXXXX~~ without having a special interest in their distribution. Since they are not distributed in the name of LCCASSOCK it might be possible for the DDR audience to assume that the company may be a legitimate philanthropic venture and that part of the output is taken over for DDR distribution by special interests. The DDR authorities presumably assume that a philanthropic venture of this scope and orientation looks a little silly on the face of it and special interests are behind the publication as well as the distribution. Who the DDR authorities think is behind the venture does not seem to be particularly important - whether they consider the patron to be the Fed Rep or special Fed Rep business interests or the BND or CIA. The only point of interest is that it is propaganda, they don't like it, and it would not change in any way the DDR official attitude to know that it was produced by a commercially successful company rather than a commercially unsuccessful one.

In the Fed Rep this same argument applies except that it is a revealed operation and no pretense is necessary to Fed Rep authorities. Presumably we are ~~X~~ not trying to propagandize the West German populace with these publications so what they think of the origin of the publications is immaterial.

d. The LCCASSOCK workshop:

This seems to be a point on which all are agreed ~~E~~ - that within LCCASSOCK, whatever its other activities, will be ~~MM~~ maintained a PP workshop with the present facility to write and ~~MM~~ publish (but not distribute) special PP

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material and that the workshop shall have the capability to produce this material in considerable quantities if the occasion demands.

The PP workshop would produce material that is in no way attributable to LCCASSOCK, however. The only cover the workshop needs, therefore, is the physical cover provided by the LCCASSOCK facilities. Whether LCCASSOCK is making or losing money is immaterial for the purposes of the workshop. Whether LCCASSOCK is putting out propaganda publications or not is equally immaterial in this particular situation.

d. Propositions:

We do not want LCCASSOCK, as a primary effort and justification, to publish PP material in the name of the company, i.e. the current publications may or may not have some PP import and some effectiveness but we are not interested in the attributable publications as ~~the~~ the primary basis for our support of the company.

Our primary aim in LCCASSOCK is to maintain a PP workshop. To maintain this workshop we must have a company which publishes other material and provides physical cover for the ~~workshop~~ workshop. What the company publishes in its own name in order to provide this cover is of concern but not vital concern to us. If some of the material is of itself good PP material so much the better.

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We want ~~workshop~~cover publications to cost CIA less money. Or to phrase the matter the other way, we have more cover output than is necessary for ~~workshop~~ cover purposes.

We can reduce the CIA subsidy by the following means:

a. Cutting down the number and/or individual expenses of the present publications.

b. Attempting to put across one of the present or a new publication commercially. (In immediate terms this means an initial greater expenditure against the long shot of commercial success~~es~~ or degree of success.)

Let us phrase this argument another way:

a. We do not have to commercialize LCCASSOCK either partially or totally for purposes that relate to cover, or for ^{other} other operational purposes.

b. We may want to commercialize LCCASSOCK in part in order to try to put across a commercial success in the form of one or more publications and ultimately reduce the amount of CIA subsidy required for the company.

On the other hand where actual commercial success is not necessary for

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cover or other operational purposes, the position usually taken in CIA is that CIA is willing to expend such money as is necessary for the operational purposes we are trying to achieve. There is a disinclination in many other areas to try to save CIA money by making investments which hopefully in the long run will make money for CIA. Part of this ~~MYGINK~~ argument is that the control ~~MY~~ that goes with total subsidization means less expense (in the broadest sense) than the problems which sometimes arise with financial success, independence, and conflict of interests.

Now we come to the somewhat more arbitrary propositions. Headquarters has settled upon the annual cost of [] dollars. This is a practical compromise and is not directly related to a detailed accounting-type evaluation of how big the workshop should be, how much it will cost to maintain in relatively fixed costs, and how much in the way of attributable publications are necessary over and above this (1) to provide minimum required cover, and (2) to provide attributable PP vehicles. This last question should be decided on ^{the basis of} what publications are necessary for minimum reasonable cover with the understanding that these vehicles will be used as appropriate as PP media but that attributable PP media will not be established beyond this point.

All in all it is not unreasonable for Headquarters to ~~MY~~ set an over-all budget figure without ~~MY~~ having gone through the detailed accounting process. We should perhaps promise, however, in the ensuing months to establish the dimensions of the workshop, estimate minimum required additional attributable cover publications, and calculate our costs from there - subsequently adjusting the project budget as necessary.

Meanwhile [] is a reasonable working figure. Having set this we should simply ask the field to adjust the LCCASSOCK expenses thereto, keeping in mind that the maintainance of a workshop is the over-riding consideration.

Within this budget the field should be permitted to make its own adjustments. If ~~MYGINK~~ they want to try Schlagzeug and terminate Epoche we will not interfere. If they want to try to sell Schlagzeug in the competitive market, Headquarters does not object as long as money comes out of the budget as already established.

As a final point, it is likely that the greatest net reduction in LCCASSOCK expenditures can come from getting the Fed Rep to assume a portion of the costs. As a revealed operation, LCCASSOCK should continue to be pressed upon the Fed Rep authorities with a view towards their participation.

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